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*On Municipal and National Trading.* By THE RIGHT HON. LORD AVEBURY. London: Macmillan Co., 1907. Pp. vi+178.

If the long debate on the relative merits of public and private management of industrial enterprises is to be settled by authority, no name is likely to carry more weight than that of the learned, titled, and experienced author of this little book. Not content, however, to rest the case on the conclusions drawn from his wide observation and experience, the authority of a long list of well-known writers is used to support the position taken in favor of limiting municipal trading as much as possible.

One commendable feature of the book is its definiteness. The author leaves no doubt as to his position. He states his conclusion in the introduction, gives five reasons to support it, elaborates and cites evidence and authority in support of these reasons against municipal trading in nine rather short chapters, repeats the reasons and even some of the quotations in support of them in his conclusion, and leaves the friendly reader who is seeking this kind of a settlement with a feeling that the final word has been said. The critical or hostile reader might still believe something could be said in favor of municipal trading, might even venture to question some of the positions so confidently stated and backed up with such an array of authority.

The proposition and the reasons in support of it may best be stated in the author's own words (p. 6) :

The understanding by municipalities of commercial undertakings is undesirable mainly on five grounds :

Firstly, the legitimate functions and duties of our municipalities are already enough, if not indeed more than enough, to tax all their energies and fill up all their time.

Secondly, it has involved, and will involve, an immense increase in municipal debt.

Thirdly, it will involve municipalities in labor disputes.

Fourthly, as there will not be the same stimulus to economy and attention, there will be a great probability, not to say certainty, that one of two things will happen: either there will be a loss or the service will cost more. The working classes will of course be the greatest sufferers.

Fifthly, it is a serious check to progress and discovery.

By citing the numerous and increasing duties of the London County Council, a strong case in support of the first point is made ;

but the duties of these overtaxed public servants are not more numerous, more important or more onerous than those of the private capitalist who is responsible for the management of railroads, banks, insurance companies, industrial enterprises, and perhaps political parties, as some of our leading financiers are. Any concentration of power and duty that can be shown through an increase of municipal functions can be more than matched by the increase of powers and duties in private hands through the recent consolidation movement. In either case the responsible head can give only general direction and must depend on the staff under him for the real control. The vital questions in making the comparison would seem to be, which system secures the more able men for these positions of vast responsibility, and which system secures the most efficient staff of men to work under these leaders? Lord Avebury barely touches these points.

Unless it can be shown that a very few men have a monopoly of business ability and a little attention from them will secure better results than extended and careful attention of ordinary men, there would seem to be ground for limiting the functions to be performed by any one man whether in public or private business.

The second point, i. e., the increase of debt and of the rates is established beyond doubt. The facts cannot be questioned. One might ask, however, if the debts incurred by British municipalities for tramways, lights, etc., are greater than the fictitious increase of obligations of public service corporations in the United States. In form the latter are not a burden on the taxpayers, but the managers of these private enterprises usually succeed in collecting a sufficient tax from the public to pay interest on the debt they have created. In making a study of this subject a comparison of the total interest charges required by public and private corporations rendering similar service is desirable. The author justly complains that municipal bookkeeping is so careless and badly arranged that the real facts are not ascertainable. Similar complaints against the bookkeeping of the private companies are often heard.

The third point about the labor difficulties of municipalities is also fully established. Here again one might ask if the private corporations are free from these difficulties? How much worse are the results when public employees take part in politics to secure personal gains than when a like number of employees of public service corporations do the same thing for the same motives?

In discussing the fourth point, the lack of economy and care due to the absence of a personal interest in the work, the author seems to be making the comparison with conditions of an earlier time. Why should a railway officer or employee have more personal interest in the work he is doing for the United Railways Company than in the same work done for the London County Council? Unless the recent tendency to concentrate all kinds of industrial enterprises in the hands of larger and larger companies be checked, the force of the old argument in favor of private enterprise on the ground of personal interest of the workman or manager loses much of its force.

The author's toleration, fair spirit, and breadth of view are shown in the credit he gives public officials who fail to get good results. He admits their honesty and their good intentions but thinks they are in the wrong field. His experience as president of the London County Council should give great weight to his conclusions. The reader who seeks a clear, brief statement of the arguments against municipal trading cannot find the case more satisfactorily stated than in Lord Avebury's book.

WILLIAM HILL

UNIVERSITY OF CHICAGO

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*American Finance.* Part First—Domestic. By W. R. LAWSON. London: William Blackwood & Sons, 1906. 8vo, pp. vi+391.

Mr. W. R. Lawson—not the author of *Frenzied Finance*—writes of American financial institutions in a style, perhaps, somewhat too discussive to be taken quite seriously, but his chapters give evidence that he is fairly well informed regarding American financial development.

The treatment of Civil War finance and of our currency problems is not, however, entirely satisfactory. One reads of the "moderate advance" in gold from 152 to 191 in the first half of 1864. And, again, that "fluctuating standards of value may cause great inconvenience, but to the community as a whole they cannot do very serious harm." The writer seems to believe that it is only in its effect upon foreign trade that an inflated currency may have serious consequences. As a matter of fact, since international trade is always in terms of gold it is quite independent of national currency systems, and is bound to suffer much less from currency inflations than does domestic trade.